

Message Text

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43

ACTION EB-07

INFO OCT-01 AF-06 ARA-10 EUR-12 EA-10 NEA-09 ISO-00 SSO-00

NSCE-00 USIE-00 INRE-00 AEC-07 AID-05 CEA-01 CIAE-00

CIEP-02 COME-00 DODE-00 FEAE-00 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01 SAM-01

OES-05 SP-02 SS-15 STR-04 TRSE-00 FRB-01 PA-02 PRS-01

/128 W

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O R 221625Z JAN 75

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC IMMEDIATE 7368

INFO AMEMBASSY BEIRUT

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIMA

AMEMBASSY LONDON

AMEMBASSY PORT OF SPAIN

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI GJTO

AMEMBASSY VIENNA

AMCONSUL DHAHRAN

USMISSION OECD PARIS

UNCLAS CARACAS 0836

FOR WHITMAN, EB/ORF/FSE

E.O. 11652: N/A

TAGS: ENRG, VE

SUBJECT: VENEZUELA IMPLEMENTS OPEC TAX INCREASE

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REF: CARACAS 302

1. ACTING FINANCE MINISTER IVAN PULIDO ANNOUNCED AFTER WEEKLY CABINET MEETING JANUARY 21 ZFTYME TAX LAW AMENDMENT APPROVED BY COUNCIL OF MINISTERS TO RAISE OIL COMPANY TAX RATE FROM 63-1/2 TO 72 PCT. AS A RESULT, GOVERNMENT TAKE WILL INCREASE FROM AN AVERAGE \$9.20 TO \$9.58 PER BARREL. THIS 38CTS INCREASE IS WITHIN RANGE RECOMMENDED IN THE LAST OPEC MEETING, ACCORDING TO ACTING MINISTER. VENEZUELAN REFERENCED CRUDE IS 31 API GRAVITY WITH A 1.7 PCT SULPHUR CONTENT.

2. ACTING MINISTER PULIDO STATED THAT 38CTS INCREASE WOULD PERMIT VENEZUELA TO MAINTAIN BUDGET FINANCING AT PRESENT LEVEL OF BS 41.526 BILLION, BASED ON OIL PRODUCTION ESTIMATE OF 2,600,000 BARREL PER DAY LEVEL FOR 1975. WHICH MAY IN FACT BECOME THE LEVEL OF A CONSERVATION PROGRAM.

3. MINES MINISTER VALENTIN HERNANDEZ ANNOUNCED AT SAME TIME THAT TAX EXPORT VALUES (T.E.V) FORMERLY CALLED TAX REFERENCE VALUES, OR T.R.V.S) HAVE BEEN REDUCED FROM AN AVERAGE OF \$14.19 TO \$13.42 FOR CRUDE OIL, AND REDUCED FROM AN AVERAGE OF \$14.91 TO \$13.95 FOR PRODUCTS. HE SAID FURTHER THAT UNDER NEW 92PCT TAX RATE GOVERNMENT TAKE FOR CRUDE INCREASES FROM \$9.14 TO \$9.57, OR 43CTS PER. BARREL. AVERAGE GOVERNMENT TAKE FOR PRODUCT INCREASES FROM \$9.30 TO \$9.61, OR 31CTS PER BARREL.

4. T.E.V.S WERE ALSO LOWERED FOR GASOLINE AND LIGHT DISTILLATES TO BRING THESE VENEZUELAN PRODUCTS IN LINE WITH PREVAILING WORLD PRICES. THE T.E.V. FOR MOTOR GASOLINE WAS LOWERED FROM \$18.90 TO \$15.99, AND FOR LIGHT DISTILLATES FROM \$20.25 TO \$16.60.

5. IT WAS ALSO ANNOUNCED THAT IN ORDER TO PROVIDE INCENTIVES FOR INVESTMENT BY THE PETROLEUM INDUSTRY IN 1975, A MECHANISM IS ESTABLISHED THAT PERMITS A REDUCTION OF TAXES BY OIL CONCESSIONARIES EQUIVALENT TO THE SUM OF THEIR DISBURSEMENTS MADE DURING 1975 IN NEW INVESTMENTS THAT WILL BE COMPLETED IN THE SAME YEAR WITH THE OBJECTIVE OF MAINTAINING EFFICIENCY OF THE OIL INDUSTRY. ACTING FINANCE MINISTER PULIDO

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STATED THAT TAX INCREASE WILL PROVIDE GOV REVENUE TO COVER BS 1.4 BILLION INVESTMENT PROGRAM ENVISIONED BY MINES MINISTER.

6. TAX INCREASES RETROACTIVE TO JANUARY 1, 1975. FURTHER ANALYSIS WILL FOLLOW, INCLUDING CLARIFICATION OF DISCREPANCY BETWEEN AVERAGE GOVERNMENT TAKE OF \$9.06 ANNOUNCED BY GOV FOLLOWING OCTOBER TAX INCREASE, AND \$9.20

GOVERNMENT TAKE ON WHICH CURRENT TAX INCREASE
BASED.
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Message Attributes

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Decaption Note:
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Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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05 JUL 2006

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